GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1001
ANSWERED ON:23.11.2007
PRIVATE INSURANCE COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) whether market share of private insurance companies has increased considerable after opening up of insurance sector to private sector;

(b) if so, the details thereof?

(c) whether public sector insurance companies have adopted any strategy to compete with private insurance companies in regard to facilities and benefits;

(d) if so, the details thereof ?

(e) the percentage market share of public sector and private sector companies in the insurance sector at present; and

(f) the steps taken/being taken by the public sector companies to grab more share of the market?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a)&(b): Since opening up of insurance sector to private sector, the market share of the e private sector insurers has increased to 18.08% for life insurance and 34.72% for non-life insurance in the year 2006-07.

(c)to(f): The market share of public sector life and non-life insurance companies was 81.92% and 65.28% respectively during 2006-07. Although, the market share of public sector insurance companies has declined but they have shown a healthy growth in quantum terms.With respect to life insurance, the business of Life Insurance Corporation (LIC) has grown to Rs.56,223.56 crore in terms of First Year Premium in 2006-07 as against Rs. 9,700.95 crore in 2000-01. Similarly, in case of the four public sector non-life insurance companies, the gross direct premium underwritten has grown to Rs. 16258.90 crore in 2006-07 as against Rs.9799.81 crore in 2000-01.
The Public Sector Insurance Companies have adopted strategies to re-orient their operations which include:

(i) re-structuring the segments in which business has been underwritten;
(ii)introducing innovative products;
(iii) strengthening the underwriting procedures;
(iv) strategic alliances and tie-ups to strengthen their business development activities; and
(v) upgrading information technology network and introducing Core Insurance Solutions to provide on line services.